

**FCC Form 481 - Carrier Annual Reporting
Data Collection Form**FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	351141
<015>	Study Area Name	CORN BELT TEL CO
<020>	Program Year	2018
<030>	Contact Name: Person USAC should contact with questions about this data	Emily Swensen
<035>	Contact Telephone Number: Number of the person identified in data line <030>	7126642221 ext.
<039>	Contact Email Address: Email of the person identified in data line <030>	cbtelco@netins.net
	Form Type	54.313 and 54.422

<010>	Study Area Code	351141
<015>	Study Area Name	CORN BELT TEL CO
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Emily Swensen
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No

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**(300) Unfulfilled Service Request
Data Collection Form**FCC Form 481
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July 2013

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<300> Unfulfilled service request (voice)

0

<310> Detail on attempts (voice)

Name of Attached Document

<320> Unfulfilled service request (broadband)

0

<330> Detail on attempts (broadband)

Name of Attached Document

<010>	Study Area Code	351141
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<039>	Contact Email Address - Email Address of person identified in data line <030>	cbtelco@netins.net
<400>	Select from the drop-down list to indicate how you would like to report voice complaints (zero or greater) for voice telephony service in the prior calendar year for each service area in which you are designated an ETC for any facilities you own, operate, lease, or otherwise utilize.	
<410>	Complaints per 1000 customers for fixed voice	Offered both fixed and mobile voice 0 . 0
<420>	Complaints per 1000 customers for mobile voice	0 . 0
<430>	Select from the drop-down list to indicate how you would like to report end-user customer complaints (zero or greater) for broadband service in the prior calendar year for each service area in which you are designated an ETC for any facilities you own, operate, lease, or otherwise utilize.	
<440>	Complaints per 1000 customers for fixed broadband	Offered only fixed broadband 0 . 0
<450>	Complaints per 1000 customers for mobile broadband	

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<039>	Contact Email Address - Email Address of person identified in data line <030>	cbtelco@netins.net
<500>	Certify compliance with applicable service quality standards and consumer protection rules	Yes
351141ia510.pdf		
<510>	Descriptive document for Service Quality Standards & Consumer Protection Rules Compliance	
<515>	Certify compliance with applicable minimum service standards	

(600) Functionality in Emergency Situations		FCC Form 481
Data Collection Form		OMB Control No. 3060-0986/OMB Control No. 3060-0819
		July 2013

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<600>	Certify compliance regarding ability to function in emergency situations	Yes
<610>	Descriptive document for Functionality in Emergency Situations	351141ia610.pdf

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[illegible]

**(800) Operating Companies
Data Collection Form**

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

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<810>	Reporting Carrier	Corn Belt Tel Co
<811>	Holding Company	Corn Belt Telephone Company
<812>	Operating Company	Corn Belt Telephone Company

[illegible]

**(900) Tribal Lands Reporting
Data Collection Form**

 FCC Form 481
 OMB Control No. 3060-0986/OMB Control No. 3060-0819
 July 2013

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<900> Does the filing entity offer tribal land services? (Y/N) No

<910> Tribal Land(s) on which ETC Serves

<920> Tribal Government Engagement Obligation

Name of Attached Document

If your company serves Tribal lands, please select (Yes, No, NA) for each these boxes to confirm the status described on the attached PDF, on line 920, demonstrates coordination with the Tribal government pursuant to § 54.313(a)(9) includes:

- <921> Needs assessment and deployment planning with a focus on Tribal community anchor institutions.
- <922> Feasibility and sustainability planning;
- <923> Marketing services in a culturally sensitive manner;
- <924> Compliance with Rights of way processes
- <925> Compliance with Land Use permitting requirements
- <926> Compliance with Facilities Siting rules
- <927> Compliance with Environmental Review processes
- <928> Compliance with Cultural Preservation review processes
- <929> Compliance with Tribal Business and Licensing requirements.

Select Yes or No or Not Applicable

**(1000) Voice and Broadband Service Rate Comparability
Data Collection Form**

FCC Form 481

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<1000> Voice services rate comparability certification Yes

<1010> Attach detailed description for voice services rate comparability compliance

Name of Attached Document

<1020> Broadband comparability certification Yes - Pricing is no more than the most recent applicable benchmark announced by the Wireline Competition Bureau

<1030> Attach detailed description for broadband comparability compliance

Name of Attached Document

**(1100) No Terrestrial Backhaul Reporting
Data Collection Form**

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<1100> Certify whether terrestrial backhaul options exist (Y/N)

Yes

<1130> Please select the appropriate response (Yes, No, Not Applicable) to confirm the reporting carrier offers broadband service of at least 1 Mbps downstream and 256 kbps upstream within the supported area pursuant to § 54.313(g).

(1200) Terms and Condition for Lifeline Customers
Lifeline
Data Collection Form

FCC Form 481
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351141a1210.pdf

<1210> Terms & Conditions of Voice Telephony Lifeline Plans

Name of Attached Document

<1220> Link to Public Website

HTTP <https://iub.iowa.gov/lifeline>

"Please check these boxes below to confirm that the attached document(s), on line 1210, or the website listed, on line 1220, contains the required information pursuant to § 54.422(a)(2) annual reporting for ETCs receiving low-income support, carriers must annually report:

- | | | |
|--------|---|-------------------------------------|
| <1221> | Information describing the terms and conditions of any voice telephony service plans offered to Lifeline subscribers, | <input checked="" type="checkbox"/> |
| <1222> | Details on the number of minutes provided as part of the plan, | <input checked="" type="checkbox"/> |
| <1223> | Additional charges for toll calls, and rates for each such plan. | <input checked="" type="checkbox"/> |

(2005) Price Cap Carrier Additional Documentation

FCC Form 481

Data Collection Form

OMB Control No. 3060-0986/OMB Control No. 3060-0819

Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers

July 2013

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Select the appropriate responses below (Yes, No, Not Applicable) to note compliance as a recipient of Incremental High Cost support, High Cost support to offset access charge reductions, and Connect America Phase II support as set forth in 47 CFR § 54.313(b),(c),(d),(e). The information reported on this form and in the documents attached below is accurate.

Incremental Connect America Phase I reporting

- <2011> 3rd Year Certification 47 CFR §54.313(b)(1)(ii) - Note that for the July 2017 certification, this applies to Round 2 recipients of Incremental Support.
- <2022> Recipient certifies, representing year three after filing a notice of acceptance of funding pursuant to 54.312(c), that the locations in question are not receiving support under the Broadband Initiatives Program or the Broadband Technology Opportunities Program for projects that will provide broadband with speeds of at least 4 Mbps/1Mbps - 54.313(b)(2)(i). Round 2 recipients only.
- <2023> The attachment on line 2024 includes a statement of the total amount of capital funding expended in the previous year in meeting Connect America Phase I deployment obligations, accompanied by a list of census blocks indicating where funding was spent. This covers year three - 54.313(b)(2)(ii). Round 2 recipients only.
- <2024A> Round 2 Recipient of Incremental Support?
- <2024B> Attach list of census blocks indicating where funding was spent in year three - 54.313(b)(2)(ii). Round 2 recipients only.
- <2025A> Round 2 Recipient of Incremental Support?
- <2025B> Attach geocoded Information for Phase I milestone reports (Round 2 for year three) - Connect America Fund , WC Docket 10-90, Report and Order, FCC 13-73, paragraph 35 (May 22, 2013).
- <2015> 2016 and future Frozen Support Certification 47 CFR § 54.313(c)(4)

Name of Attached Document Listing
Required Information

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Required Information

(2005) Price Cap Carrier Additional Documentation

FCC Form 481

Data Collection Form

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Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers

July 2013

Price Cap Carrier Connect America ICC Support {47 CFR § 54.313(d)}

<2016> Certification support used to build broadband

Connect America Phase II Reporting {47 CFR § 54.313(e)}

<2017A> Connect America Fund Phase II recipient?

<2017C> Total amount of Phase II support, if any, the price cap carrier used for capital expenditures in 2016.

<2018> Attach the number, names, and addresses of community anchor institutions to which the carrier newly began providing access to broadband service in the preceding calendar year - 54.313(e)(1)(ii)(A)

Name of Attached Document Listing
Required Information

<2019> Recipient certifies that it bid on category one telecommunications and Internet access services in response to all FCC Form 470 postings seeking broadband service that meets the connectivity targets for the schools and libraries universal service support program for eligible schools and libraries located within any area in a census block where the carrier is receiving Phase II model-based support, and that such bids were at rates reasonably comparable to rates charged to eligible schools and libraries in urban areas for comparable offerings - 54.313(e)(1)(ii)(C)

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Select from the drop down menu or check the boxes below to note compliance with 54.313(f)(1). Privately held carriers must ensure compliance with the financial reporting requirements set forth in 47 CFR 54.313(f)(2). I further certify that the information reported on this form and in the documents attached below is accurate.

(3009)	Progress Report on 5 Year Plan Carrier certifies to 54.313(f)(1)(iii)		
		Yes - Attach Certification	
(3010A)	Certification of Public Interest Obligations {47 CFR § 54.313(f)(1)(i)}		
(3010B)	Please Provide Attachment	Name of Attached Document Listing Required Information	351141ia3010b.pdf
(3012A)	Community Anchor Institutions {47 CFR § 54.313(f)(1)(ii)}	No - No New Community Anchors	
(3012B)	Please Provide Attachment	Name of Attached Document Listing Required Information	
(3013)	Is your company a Privately Held ROR Carrier {47 CFR § 54.313(f)(2)}	(Yes/No)	<input checked="" type="radio"/> <input type="radio"/>
(3014)	If yes, does your company file the RUS annual report	(Yes/No)	<input type="radio"/> <input checked="" type="radio"/>
Please check these boxes to confirm that the attached PDF, on line 3017, contains the required information pursuant to § 54.313(f)(2) compliance requires:			
(3015)	Electronic copy of their annual RUS reports (Operating Report for Telecommunications Borrowers)		<input type="checkbox"/>
(3016)	Document(s) with Balance Sheet, Income Statement and Statement of Cash Flows		<input type="checkbox"/>
(3017)	If the response is yes on line 3014, attach your company's RUS annual report and all required documentation	Name of Attached Document Listing Required Information	
(3018)	If the response is no on line 3014, is your company audited?	(Yes/No)	<input checked="" type="radio"/> <input type="radio"/>
If the response is yes on line 3018, please check the boxes below to confirm your submission on line 3026 pursuant to § 54.313(f)(2), contains:			
(3019)	Either a copy of their audited financial statement; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers		<input checked="" type="checkbox"/>
(3020)	Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows		<input checked="" type="checkbox"/>
(3021)	Management letter and/or audit opinion issued by the independent certified public accountant that performed the company's financial audit.		<input checked="" type="checkbox"/>
If the response is no on line 3018, please check the boxes below to confirm your submission on line 3026 pursuant to § 54.313(f)(2), contains:			
(3022)	Copy of their financial statement which has been subject to review by an independent certified public accountant; or 2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers		<input type="checkbox"/>
(3023)	Underlying information subjected to a review by an independent certified public accountant		<input type="checkbox"/>
(3024)	Underlying information subjected to an officer certification.		<input type="checkbox"/>
(3025)	Document(s) with Balance Sheet, Income Statement and Statement of Cash Flows		<input type="checkbox"/>
(3026)	Attach the worksheet listing required information	Name of Attached Document Listing Required Information	351141ia3026.pdf

(3005) Rate Of Return Carrier Additional Documentation (Continued)		FCC Form 481
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Financial Data Summary

(3027) Revenue

(3028) Operating Expenses

(3029) Net Income

(3030) Telephone Plant In Service(TPIS)

(3031) Total Assets

(3032) Total Debt

(3033) Total Equity

(3034) Dividends

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4005 Rural Broadband Experiment

Authorized Rural Broadband Experiment (RBE) recipients must address the certification for public interest obligations, provide a list of newly served community anchor institutions, and provide a list of locations where broadband has been deployed.

Public Interest Obligations – FCC 14-98 (paragraphs 26-29, 78)

Please address Line 4001 regarding compliance with the Commission’s public interest obligations. All RBE participants must provide a response to Line 4001.

4001. Recipient certifies that it is offering broadband to the identified locations meeting the requisite public interest obligations consistent with the category for which they were selected, including broadband speed, latency, usage capacity, and rates that are reasonably comparable to rates for comparable offerings in urban areas?

Community Anchor Institutions – FCC 14-98 (paragraph 79)

4003a. RBE participants must provide the number, names, and addresses of community anchor institutions to which they newly deployed broadband service in the preceding calendar year. On this line, please respond (yes – attach new community anchors, no – no new anchors) to indicate whether this list will be provided.

If yes to 4003A, please provide a response for 4003B.

4003b. Provide the number, names and addresses of community anchor institutions to which the recipient newly began providing access to broadband service in the preceding calendar year.

Name of Attached Document Listing Required Information

Broadband Deployment Locations – FCC 14-98 (paragraph 80)

4004a. Attach a list of geocoded locations to which broadband has been deployed as of the June 1st immediately preceding the July 1st filing deadline for the FCC Form 481.

Name of Attached Document Listing Required Information

4004b. Attach evidence demonstrating that the recipient is meeting the relevant public service obligations for the identified locations. Materials must at least detail the pricing, offered broadband speed and data usage allowances available in the relevant geographic area.

Name of Attached Document Listing Required Information

Certification - Reporting Carrier Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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TO BE COMPLETED BY THE REPORTING CARRIER, IF THE REPORTING CARRIER IS FILING ANNUAL REPORTING ON ITS OWN BEHALF:

Certification of Officer as to the Accuracy of the Data Reported for the Annual Reporting for CAF or LI Recipients	
I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual reporting requirements for universal service support recipients; and, to the best of my knowledge, the information reported on this form and in any attachments is accurate.	
Name of Reporting Carrier: CORN BELT TEL CO	
Signature of Authorized Officer: CERTIFIED ONLINE	Date 06/06/2017
Printed name of Authorized Officer: Bill Brotherton	
Title or position of Authorized Officer: Vice President	
Telephone number of Authorized Officer: 7126642221 ext.	
Study Area Code of Reporting Carrier: 351141	Filing Due Date for this form: 07/03/2017
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

**Certification - Agent / Carrier
Data Collection Form**

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TO BE COMPLETED BY THE REPORTING CARRIER, IF AN AGENT IS FILING ANNUAL REPORTS ON THE CARRIER'S BEHALF:

Certification of Officer to Authorize an Agent to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I certify that (Name of Agent) _____ is authorized to submit the information reported on behalf of the reporting carrier. I also certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual data reporting requirements provided to the authorized agent; and, to the best of my knowledge, the reports and data provided to the authorized agent is accurate.	
Name of Authorized Agent:	
Name of Reporting Carrier:	
Signature of Authorized Officer:	Date:
Printed name of Authorized Officer:	
Title or position of Authorized Officer:	
Telephone number of Authorized Officer:	
Study Area Code of Reporting Carrier:	Filing Due Date for this form:
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

TO BE COMPLETED BY THE AUTHORIZED AGENT:

Certification of Agent Authorized to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I, as agent for the reporting carrier, certify that I am authorized to submit the annual reports for universal service support recipients on behalf of the reporting carrier; I have provided the data reported herein based on data provided by the reporting carrier; and, to the best of my knowledge, the information reported herein is accurate.	
Name of Reporting Carrier:	
Name of Authorized Agent Firm:	
Signature of Authorized Agent or Employee of Agent:	Date:
Name of Authorized Agent Employee:	
Title or position of Authorized Agent or Employee of Agent:	
Telephone number of Authorized Agent or Employee of Agent:	
Study Area Code of Reporting Carrier:	Filing Due Date for this form:
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

Attachments

Corn Belt Telephone Company

Certification of Compliance with Applicable Service Quality Standards and Consumer Protection Rules for Voice and Broadband Services

Service quality standards and consumer protection rules for broadband are not as defined as the rules for voice services. The Company complies with any service quality standards and consumer protection rules for broadband that are out there now and any that will be defined in the future.

Service Quality Standards

For voice services, the Company:

- Provides voice grade access to the public switched network.
- Provides flat rated local exchange service with no additional charge to end users.
- Provides access to the emergency services provided by local government or other public safety organizations, such as 911 and enhanced 911.
- Provides toll blocking and toll limitation services.

For voice and broadband services, the Company:

- Advertises the availability of its services and the charges using media of general distribution and/or on its website.
- Maintains a business office providing customers with access to a customer service representative either in person or via a local telephone call or toll-free telephone number during business hours.
- Directs after hour calls to the Company's help desk.
- Directs trouble reports to the on-call technician.
- Tracks all service orders to ensure they are completed in a timely manner.
- Measures its service connection and service interruption performance on a regular basis.
- Trains employees to:
 - Answer all incoming calls promptly.
 - Respond to all inquiries for information promptly and courteously.
 - Investigate thoroughly all customer complaints and handle appropriately according to the Company's guidelines for resolution of customer complaints.
 - Be knowledgeable about products and service offerings so they can assist the customer with selecting the best service option.
- Has a process for periodic inspection, testing and preventive maintenance of its equipment to permit the rendering of safe, adequate and continuous service at all times.
- Meets or exceeds the standards established by the state commission and provides any reports required in accordance with the state commission's rules.

Consumer Protection Rules

The Company has established operating procedures designed to facilitate compliance with applicable consumer protection rules which include compliance with the Customer Proprietary Network Information (CPNI) rules. The operating procedures include:

- Appointment of a compliance officer.
- A manual detailing the specific procedures for protecting consumer information.
- Employee training on an annual basis.
- A disciplinary process for improper use of consumer information.

If complaints are filed with the Company regarding consumer protection rules, the complaint is immediately investigated, the matter tracked and any corrective action noted. This process ensures that problems are addressed and corrections made.

**Functionality in Emergency Situations
for Voice and Broadband Services**

Back-Up Power:

Corn Belt Telephone has a 75,000 watt fixed propane back-up generator that is capable of being converted to gas if needed. This unit is of sufficient size to run all central office equipment. Battery backup time is eight hours minimum. Outside plant is a 100% FTTH with no DLC, AFC or remote modules requiring AC power. All subscriber connections have ONT battery power supplies. Corn Belt has a number of these battery units on chargers ready for service. They also have several charging units attached to the fix generator for recharging during long power outages. Corn Belt has seven portable generators of various sizes available for emergency situations.

Rerouting of Traffic around Damaged Facilities:

With FTTH both broadband and voice traffic is delivered over the same connection to subscriber locations. There is only one Central Office with redundant electronic connection for intercarrier connection.

Traffic Spikes:

Our Meta Central Office switch can handle full wired line access. Trunk routing is limited to sixty three toll calls during any single period of time. There is 631 lines active in the Wall Lake exchange. There is a significant amount of unused voice capacity in the Central Office switch. Broadband capacity is capable of 4 times the normal day usage with redundant routing available.

(700) Price Offerings including Voice Rate Data Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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July 2013

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<030>	Contact Name - Person USAC should contact regarding this data	Emily Swensen
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<035>	Contact Telephone Number - Number of person identified in data line <030>	7126642221 ext.
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<039>	Contact Email Address - Email Address of person identified in data line <030>	cbtelco@netins.net
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1/1/2017
18.0

18.0

[illegible]

(710) Broadband Price Offerings Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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July 2013

[illegible]

Corn Belt Telephone Company**Lifeline Terms and Conditions**

Corn Belt Telephone Company (the “Company”) offers Lifeline program-supported service to qualified low-income residential consumers for one wireline, wireless or Broadband Internet Access Service (“BIAS”) per eligible household. The Lifeline program provides discounts to eligible low-income consumers to help them establish and maintain service. Lifeline assistance lowers the cost of basic, monthly local telephone service or BIAS. Eligible consumers can receive \$9.25 per month in discounts. In addition, the Federal Universal Service Charge is not assessed to consumers participating in Lifeline. Toll Blocking prevents the placement of all long distance calls for which a subscriber would be charged. Toll blocking is available to eligible consumers at no cost. Also, by choosing this option, consumers are usually not charged a deposit.

Lifeline Program Eligibility Information**Program Based Eligibility**

Consumers are eligible for Lifeline if they, one of their dependents or their household participate in one of the following qualifying assistance programs:

Medicaid
 Supplemental Nutrition Assistance Program (SNAP)
 Supplemental Security Income (SSI)
 Federal Public Housing Assistance
 Veterans and Survivors Pension Benefit

Lifeline applicants must present documentation demonstrating eligibility either through participation in one of the qualifying federal assistance programs or through income-based means.

Acceptable documentation of program-based eligibility includes: current or prior year’s statement of benefits from a qualifying state, federal or Tribal program; notice letter of participation in a qualifying state, federal or Tribal program; program participation documents; or another official document evidencing the consumer’s participation in a qualifying state, federal or Tribal program.

Income Based Eligibility

In addition, consumers are eligible for Lifeline if their household income is at or below 135% of the federal poverty guidelines.

2017 Federal Poverty Guidelines – 135%

Household Size	48 Contiguous States and D.C.	Alaska	Hawaii
1	\$16,281	\$20,331	\$18,711
2	\$21,924	\$27,392	\$25,205
3	\$27,567	\$34,452	\$31,698
4	\$33,210	\$41,513	\$38,192
5	\$38,853	\$48,573	\$44,685
6	\$44,496	\$55,634	\$51,179
7	\$50,139	\$62,694	\$57,672
8	\$55,782	\$69,755	\$64,166
For each additional person, add	\$5,643	\$7,061	\$6,494

Acceptable documentation of income eligibility includes: prior year's state, federal or Tribal tax return; current income statement from an employer or most recent three consecutive months of paycheck stubs; social security statement of benefits; Veterans Administration statement of benefits; retirement/pension statement of benefits; unemployment/workmen's compensation statement of benefits; federal or Tribal notice of letter participating in General Assistance; or a divorce decree or child support award or other official document containing income information.

Numbers of Minutes-of-Use Provided as Part of Lifeline Program Service

The Company's Voice Lifeline service includes unlimited local minutes-of-use within the toll-free calling area. The Company's Voice Lifeline Plan does not include any free minutes-of-use for toll. Toll is billed at the standard toll rate depending on which interexchange carrier the consumer subscribes to for toll service. As part of the Lifeline service, Toll blocking is available to eligible consumers at no cost.

Rates

Subscribers may receive the Lifeline credit on any type or grade of local service, including bundled services that are normally offered by the Company. Advertised rates do not include any applicable taxes or surcharges.

Recertification of Lifeline Eligibility

Lifeline recipients are required to recertify their eligibility annually. Failure to properly recertify a recipient's continued eligibility for the Lifeline program will result in termination of the Lifeline recipient's monthly Lifeline discount and de-enrollment from the Lifeline Program.

Additional Lifeline Program Information

The Lifeline program is limited to one benefit per household, consisting of either wireline, wireless or BIAS. A household is defined, for purposes of the Lifeline program, as an individual or group of individuals who live together at the same address and share income and expenses. Lifeline is a government benefit program, and consumers who willfully make false statements in order to obtain the benefit can be punished by fine or imprisonment or can be barred from the program.

Corn Belt Tel Co

Certification of Public Interest Obligations

To be in compliance with the Public Interest Obligation of providing upon a reasonable request broadband service at actual speeds of 10 Mbps downstream/1 Mbps upstream:

- Corn Belt Telephone Company provides 10 Mbps downstream/1 Mbps upstream to 100% of its service area and, therefore, certifies that it has taken steps to provide broadband service at actual speeds of 10 Mbps downstream/1 Mbps upstream, with latency suitable for real-time applications, including Voice over Internet Protocol.
- The Company provides usage capacity that is reasonably comparable to comparable offerings in urban areas.
- The Company certifies that requests for such service are met within a reasonable amount of time.

Corn Belt Telephone Company

Independent Auditor's Report and Financial Statements

December 31, 2016 and 2015



Corn Belt Telephone Company

December 31, 2016 and 2015

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Independent Auditor's Report

To the Board of Directors
Corn Belt Telephone Company
Wall Lake, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of Corn Belt Telephone Company, which comprise the balance sheet as of December 31, 2016, and the related statements of income, comprehensive income, stockholders' equity and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Board of Directors
Corn Belt Telephone Company
Page 2

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Corn Belt Telephone Company as of December 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Year Audited by Other Auditors

The 2015 financial statements were audited by other auditors and their report thereon, dated March 14, 2016, expressed an unmodified opinion.

BKD, LLP

Emmetsburg, Iowa
April 18, 2017

Corn Belt Telephone Company
Balance Sheets
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Current Assets		
Cash and cash equivalents	\$	
Certificates of deposit		
Accounts receivable:		
Due from customers		
Less allowance of [REDACTED] and [REDACTED] respectively		
Interexchange carriers		
Less allowance of [REDACTED] and [REDACTED] respectively		
Other		
Prepaid income taxes		
Interest receivable		
Inventories		
Prepayments		
Other Noncurrent Assets		
Investments - available-for-sale		
Investments - held-to-maturity		
Other investments		
Intangibles		
Goodwill		
Property, Plant and Equipment		
Telephone plant in service		
Video plant in service		
Wireless plant in service		
Other property		
Less accumulated depreciation		
Plant under construction		
Total Assets	\$	

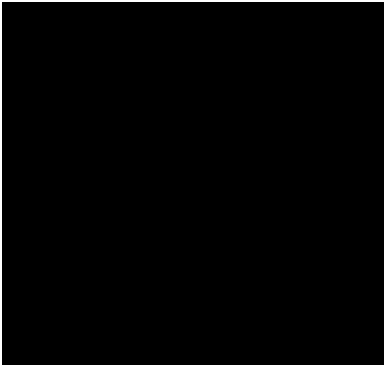
See Notes to Financial Statements

	2016	2015
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable:		
Interexchange carriers		
Other		
Dividends payable		
Advance billing and payments		
Customer deposits		
Accrued taxes		
Other		
Deferred Income Taxes		
Stockholders' Equity		
Common stock - [REDACTED] par value, [REDACTED] shares authorized, [REDACTED] shares issued and [REDACTED] shares outstanding		
Treasury stock at cost, [REDACTED] shares		
Additional paid-in capital		
Accumulated other comprehensive income::		
Unrealized gains on certain investments		
Retained earnings		
Total Liabilities and Stockholders' Equity		

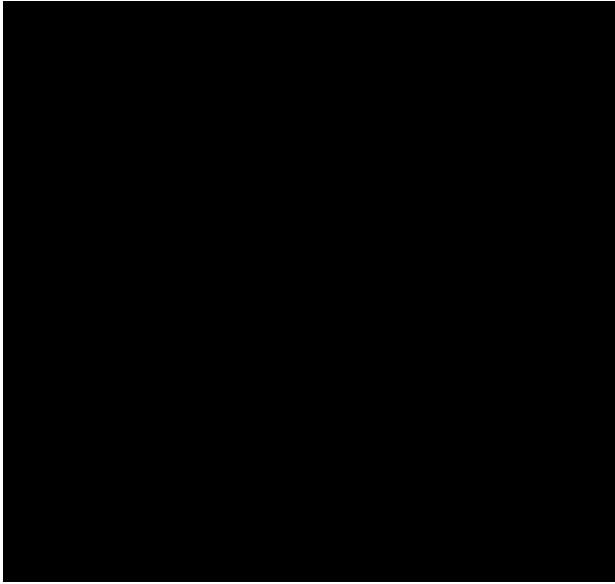


Corn Belt Telephone Company
Statements of Income
Years Ended December 31, 2016 and 2015

	2016	2015
Operating Revenues		
Local network services		
Network access services		
Long distance services		
Internet services		
Wireless services		
Video services		
Miscellaneous		
Operating Expenses		
Plant specific operations		
Plant nonspecific operations		
Cost of long distance services		
Cost of video services		
Cost of internet services		
Cost of wireless services		
Depreciation and amortization		
Impairments		
Customer operations		
Corporate operations		
General taxes		
Operating Loss		
Other Income (Expenses)		
Interest and dividend income		
Gain (loss) on sale of investments		
Gain on sale of assets		
Equity income from joint venture		
Rental income, net		
Other, net		
Income Before Income Taxes		
Income Tax Expense (Benefit)		
Net Income		

Corn Belt Telephone Company
Statements of Comprehensive Income
Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Net Income		
Other comprehensive income, net of tax:		
Unrealized gains on securities:		
Unrealized holding gains arising during period		
Reclassification adjustment for losses included in net income		
Comprehensive Income		

Corn Belt Telephone Company
Statements of Stockholders' Equity
December 31, 2016 and 2015

	<u>Common Stock</u>		<u>Treasury Stock</u>	
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>
Balance at December 31, 2014				
Net income				
Dividends paid				
Balance at December 31, 2015				
Net income				
Unrealized gains (losses) on securities:				
Unrealized holding gains arising during the period (net of  tax)				
Less: Reclassification adjustment (net of  tax)				
Dividends paid				
Balance at December 31, 2016				

<u>Additional Paid-in Capital</u>	<u>Accumulated Other Comprehensive Income</u>	<u>Retained Earnings</u>	<u>Total Stockholders' Equity</u>

Corn Belt Telephone Company
Statements of Cash Flows
Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operating Activities		
Net income		
Adjustments to reconcile net income		
to net cash provided by operating activities:		
Depreciation and amortization		
Deferred income taxes		
Amortization of premium		
Equity income from joint venture		
Distributions received from joint venture		
Realized (gain) loss on sale of investments		
Realized gain on sale of assets		
Impairment		
Changes in assets and liabilities:		
(Increase) Decrease in:		
Receivables		
Inventories		
Prepayments		
Increase (Decrease) in:		
Accounts payable		
Accrued taxes		
Other		
Net cash provided by operating activities		
Investing Activities		
Capital expenditures		
Purchases of certificates of deposit		
Purchases of available-for-sale securities		
Proceeds from sales/maturities of held-to-maturity securities		
Proceeds from sales of available-for-sale securities		
Proceeds from sales of assets		
Net cash used in investing activities		
Financing Activities		
Repayment of note payable		
Dividends paid		
Net cash used in financing activities		
Net Increase in Cash and Cash Equivalents		
Cash and Cash Equivalents at Beginning of Year		
Cash and Cash Equivalents at End of Year		

Corn Belt Telephone Company
Notes to Financial Statements
December 31, 2016 and 2015

Note 1: Summary of Significant Accounting Policies

Basis of Presentation

Corn Belt Telephone Company (herein referred to as "the Company") is a provider of various telecommunications services including: exchange and local access, long distance, internet, video, wireless and sales of telecommunications equipment in a service area located primarily in west central Iowa.

The accounting policies of the Company conform to accounting principles generally accepted in the United States of America. Management uses estimates and assumptions in preparing its financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Management has evaluated subsequent events through April 18, 2017, the date the financial statements were available for issue. Telephone operations reflect practices appropriate to the telephone industry. The accounting records of the telephone company are maintained in accordance with the Uniform System of Accounts for Class A and B Telephone Companies prescribed by the Federal Communications Commission (FCC) as modified by the state regulatory authority.

Cash Equivalents

All highly liquid investments with a maturity of three months or less at the time of purchase are considered cash equivalents.

Accounts Receivable

Accounts receivable are reported net of an allowance for doubtful accounts. The allowance is based on management's estimate of the amount of receivables that will actually be collected.

Inventories

Inventories include both merchandise held for resale and materials and supplies. Merchandise held for resale is stated at the lower of cost or market with cost determined by the average cost method. Materials and supplies are recorded at average cost.

Investments

Marketable securities bought and held principally for selling in the near future are classified as trading securities and carried at fair value. Unrealized holding gains and losses on trading securities are reported in earnings. Marketable securities classified as available-for-sale are carried at fair value with unrealized holding gains and losses recorded as a separate component of stockholders' equity. Debt securities for which the Company has both the positive intent and ability to hold to maturity are classified as held-to-maturity and are carried at amortized cost. The Company uses the FIFO method of computing realized gains and losses.

Corn Belt Telephone Company
Notes to Financial Statements
December 31, 2016 and 2015

Nonmarketable equity investments over which the Company has significant influence are reflected on the equity method. Other nonmarketable equity investments and certificates of deposit are stated at cost.

Goodwill and Intangibles

Goodwill and intangible assets deemed to have indefinite lives are stated at the lower of cost or fair value. These assets are subject to periodic impairment tests. Intangible assets with definite lives and goodwill are amortized.

A qualitative assessment is performed to determine whether the existence of events or circumstances leads to a determination that it is more likely than not the fair value of the reporting unit or indefinite-lived intangible asset is less than its carrying amount. If, based on the evaluation, it is determined to be more likely than not that the fair value is less than the carrying value, then the goodwill or indefinite-lived intangible is tested further for impairment. If the implied fair value of goodwill or the fair value of the indefinite-lived intangible is lower than their carrying amounts, an impairment loss is recognized in an amount equal to the difference. Subsequent increases in value are not recognized in the financial statements.

Property, Plant and Equipment

Property, plant and equipment is capitalized at original cost including the capitalized cost of salaries and wages, materials, certain payroll taxes, and employee benefits.

The Company provides for depreciation for financial reporting purposes on the straight-line method by the application of rates based on the estimated service lives of the various classes of depreciable property. Assets under capital lease obligations and leasehold improvements are amortized over the shorter of the lease term or their respective estimated useful lives. These estimates are subject to change in the near term.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Buildings	years
General support assets	years
Central office assets	years
Cable and wire facilities	years
Wireless plant	years
Video plant	years

Renewals and betterments of units of telephone property are charged to telephone plant in service. When telephone plant is retired, its cost is removed from the asset account and charged against accumulated depreciation less any salvage realized. No gains or losses are recognized in connection with routine retirements of depreciable telephone property. Repairs and renewals of minor items of telephone property are included in plant specific operations expense.

Corn Belt Telephone Company
Notes to Financial Statements
December 31, 2016 and 2015

Repairs of wireless, video and other property, as well as renewals of minor items, are charged to plant specific operations expense. A gain or loss is recognized when wireless, video and other property is sold or retired.

Asset Retirement Obligations

Generally accepted accounting principles require entities to record the fair value of a liability for legal obligations associated with an asset retirement in the period in which the obligations are incurred. When the liability is initially recorded, the entity capitalizes the cost of the asset retirement obligation by increasing the carrying amount of the related long-lived asset. Over time, the liability is accreted to its present value each period, and the capitalized cost is depreciated over the useful life of the related asset.

The Company has determined it does not have a material legal obligation to remove long-lived assets, and accordingly, there have been no liabilities recorded for the years ended December 31, 2016 and 2015.

Long-Lived Assets

The Company would provide for impairment losses on long-lived assets when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. In 2016, the Company recorded an impairment loss of [REDACTED] against its wireless plant in service and wireless spectrum.

Income Taxes

Income taxes are accounted for using a liability method and provide for the tax effects of transactions reported in the financial statements including both taxes currently due and deferred. Deferred taxes are adjusted to reflect deferred tax consequences at current enacted tax rates. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred taxes arise from difference between book and tax basis of plant assets and partnership investments. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible, when the assets and liabilities are recovered or settled.

Revenue Recognition

The Company recognizes revenues when earned regardless of the period in which they are billed. The Company is required to provide telephone service to subscribers within its defined service territory.

Local network service, video and internet revenues are recognized over the period a subscriber is connected to the network.

Corn Belt Telephone Company
Notes to Financial Statements
December 31, 2016 and 2015

Network access and long distance service revenues are derived from charges for access to the Company's local exchange network. The interstate portion of access revenues is based on an average schedule company settlement formula administered by the National Exchange Carrier Association (NECA) which is regulated by the FCC. The intrastate portion of access revenues is billed based upon an individual company tariff access charge structure filed with the Iowa Utilities Board (IUB). The tariffs developed from this structure are used to charge the connecting carrier and recognize revenues in the period the traffic is transported based on the minutes of traffic carried. Long distance revenues are recognized at the time a call is placed based on the minutes of traffic processed at contracted rates.

In accordance with tariffs filed with the FCC by NECA, the Company recognizes the regulated portion of internet revenue as network access services and the non-regulated portion of internet revenue as internet services in the statement of income. Revenue billed to customers for internet included in network access services totaled [REDACTED] and [REDACTED] in 2016 and 2015, respectively.

The Company earns wireless service revenues by providing access to its wireless network (access revenue) and for usage of its wireless system (airtime revenue). Access revenue from postpaid customers is billed either in advance or arrears and recognized ratably over the service period. Airtime revenue, including roaming revenue and long distance revenue, is billed in arrears based on minutes of use and is recognized when the service is rendered. Prepaid airtime sold to customers and revenue collected from pay-in-advance customers is recorded as deferred revenue prior to the commencement of services, and revenue is recognized when airtime is used or expires. Access and airtime services provided are billed throughout the month according to the bill cycle in which a particular subscriber is placed.

The Company recognizes taxes charged to customers on a net basis in the statements of income.

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company determines the fair value of its financial assets and liabilities based on the fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The following three levels of inputs may be used to measure fair value:

- Level 1 Quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.
- Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Corn Belt Telephone Company
Notes to Financial Statements
December 31, 2016 and 2015

Reclassifications

Certain reclassifications have been made to the 2015 financial statements to conform with the 2016 presentation.

Note 2: Investments

The amortized cost and fair value of available-for-sale and held-to-maturity securities are as follows:

	<u>Amortized Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>
<u>December 31, 2016:</u>				
Available-for-sale equity securities:				
Equity securities - domestic				
Equity securities - international				
Total				
Amounts classified as:				
Investments - available-for-sale				
Held-to-Maturity:				
Municipal bonds				
Amounts classified as:				
Investments - held-to-maturity				
<u>December 31, 2015:</u>				
Available-for-sale equity securities:				
Equity securities - domestic				
Equity securities - international				
Total				
Amounts classified as:				
Investments - available-for-sale				
Held-to-Maturity:				
Municipal bonds				
Amounts classified as:				
Investments - held-to-maturity				

Corn Belt Telephone Company
Notes to Financial Statements
December 31, 2016 and 2015

Management evaluates the need for recording an other than temporary impairment for these investments annually. Based on the nature and financial information available for each individual investment, the length of time and extent of its fair value being below cost (generally less than twelve months at December 31, 2016) and the Company's ability and intent to hold the investments for a sufficient time to allow for the recovery of the cost of the investment, an other than temporary impairment has not been recognized as of December 31, 2016 and 2015.

Proceeds from sales of available-for-sale securities were [REDACTED] and [REDACTED] in 2016 and 2015, respectively. The gross realized gains on sales of available-for-sale securities totaled [REDACTED] and [REDACTED] in 2016 and 2015, respectively, and the gross realized losses totaled [REDACTED] and [REDACTED] in 2016 and 2015, respectively. The change in net unrealized holding gains (losses) on available-for-sale securities included as a separate component of comprehensive income before tax totaled [REDACTED] and [REDACTED] in 2016 and 2015, respectively.

Investments measured at fair value are valued at Level 1 in the fair value hierarchy.

The amortized cost and fair value of debt securities at December 31, 2016, by contractual maturity date are shown below. Expected maturities may differ from contractual maturities because the issuers of the securities may have the right to call or prepay obligations without call or prepayment penalties.

	<u>Amortized Cost</u>	<u>Fair Value</u>
Held-to-Maturity:		
Due after three years through five years		
Due after five years		
Note 3: Other Investments		
Other investments consist of the following:		
[REDACTED]		

Corn Belt Telephone Company
Notes to Financial Statements
December 31, 2016 and 2015

The Company has a [REDACTED] percent ownership interest in [REDACTED]. This joint venture has built a fiber optic network from Odebolt to Denison. The following is condensed financial data for [REDACTED]

	<u>December 31,</u>	
	<u>2016</u>	<u>2015</u>
Assets	[REDACTED]	
Liabilities		
Equity		
	<u>Years Ended December 31,</u>	
	<u>2016</u>	<u>2015</u>
Revenues	[REDACTED]	
Expenses		
Net Income		

The investment in [REDACTED] is being accounted for on the equity method. For investments accounted for under the equity method, the Company recognizes its proportionate share of the income and losses accruing to it under the terms of its partnership agreement. All other investments are accounted for on the cost method.

Because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs, management has determined it is not practical to estimate the fair value of these investments. However, management believes that the carrying amount of these investments at December 31, 2016, included in other investments is not impaired.

Note 4: Goodwill and Intangibles

As a result of changes in accounting standards for goodwill, private companies are allowed to elect to amortize goodwill. During 2016 the Company elected to adopt this change. This resulted in recognizing [REDACTED] of amortization in the statement of income. The accounting change is to be applied prospectively, resulting in no changes being made to prior year statements.

The gross carrying amounts of goodwill, accumulated amortization and accumulated impairment loss were as follows for the years ending December 31,:

	<u>2016</u>	<u>2015</u>
Goodwill	[REDACTED]	
Accumulated amortization		
Goodwill, net		

Corn Belt Telephone Company
Notes to Financial Statements
December 31, 2016 and 2015

The Company amortizes goodwill on the straight-line method over ten years unless a shorter useful life is more appropriate. The weighted average amortization period is ten years. Amortization expense was [REDACTED] for the year ended December 31, 2016.

Intangible assets at December 31 consist of the following:

	2016		2015	
	Gross Amount	Accumulated Amortization	Gross Amount	Accumulated Amortization
<u>Amortized Intangibles</u>				
Franchise fee				
<u>Unamortized Intangibles</u>				
Wireless spectrum				

Amortization expense was [REDACTED] for both years ended December 31, 2016 and 2015.

Estimated amortization expense for the next five years is:

2017	\$	
2018		
2019		
2020		
2021		

The Company's future cash flows are not materially impacted by its ability to extend or renew agreements related to its amortizable intangible assets.

The Company annually assesses its recorded balances of goodwill and indefinite lived intangible assets for impairment. The fair value of goodwill and indefinite lived intangibles is based on level 3 inputs of the fair value hierarchy. The estimated fair value is derived from various valuation techniques, including market capitalization, comparable sales, and discounted cash flows. As a result, the Company determined an impairment of [REDACTED] related to wireless spectrum existed as of December 31, 2016. The impairment occurred as a result of decrease in wireless operations. Accordingly, the fair value of the asset was determined to be less than the asset's carrying value. Fair value was determined using Level 2 in the fair value hierarchy. The impairment loss of [REDACTED] is presented in the income statement as a part of operating expenses.

Corn Belt Telephone Company
Notes to Financial Statements
December 31, 2016 and 2015

Note 5: Property, Plant and Equipment

Property, plant and equipment includes the following:

	2016	2015
Telephone plant in service:		
Land		
Buildings		
General support assets		
Central office assets		
Cable and wire facilities		
Other plant and equipment		
Subtotal		
Video plant in service:		
Land		
Buildings		
Head end equipment		
Towers, antennas and head end equipment		
Subtotal		
Wireless plant in service:		
Land		
Antennas		
Wireless plant in service		
Towers		
Impairment		
Subtotal		
Other property:		
Land		
Buildings		
Subtotal		
Total property, plant and equipment		

Depreciation on depreciable property resulted in composite rates of [REDACTED] and [REDACTED] for 2016 and 2015, respectively.

Depreciation expense was [REDACTED] and [REDACTED] for the years ending December 31, 2016 and 2015, respectively.

Corn Belt Telephone Company
Notes to Financial Statements
December 31, 2016 and 2015

Note 6: Income Taxes

Income taxes reflected in the Statements of Income consist of the following:

	<u>2016</u>	<u>2015</u>
Federal income taxes:		
Current tax expense		
Deferred tax expense (benefit)		
State income taxes:		
Current tax expense		
Deferred tax expense (benefit)		
Total income tax expense (benefit)		

Cash paid for income taxes and estimated income taxes for 2016 and 2015 totaled [REDACTED] and [REDACTED] respectively.

Deferred federal and state tax liabilities and assets reflected in the Balance Sheets are summarized as follows:

	<u>2016</u>	<u>2015</u>
Deferred Tax Liabilities		
Federal		
State		
Total Deferred Tax Liabilities		
Deferred Tax Assets		
Federal		
State		
Total Deferred Tax Assets		
Net Deferred Tax Liabilities		

A valuation allowance is required to reduce the deferred tax assets reported if, based on the weight of the evidence, it is more likely than not that some portion or all of the deferred tax assets will not be realized. After consideration of the evidence, both positive and negative, management determined that no valuation allowance was required at December 31, 2016 and 2015, to reduce the deferred tax assets to the amount that will more likely than not be realized.

Prepaid income taxes of [REDACTED] and [REDACTED] appearing on the Balance Sheets at December 31, 2016 and 2015, respectively, reflect overpayments of estimated taxes.

The tax provision differs from the expense that would result from applying the federal statutory rates to income before income taxes because of state income taxes being deductible in determining taxable income and the Company is permitted to exclude from taxable income a portion of dividends received during the year.

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The Company has evaluated its income tax positions and has determined that there are no uncertain income tax positions that need to be recorded or reported in the financial statements at December 31, 2016.

The Company's federal and state income tax returns for years 2013 to present remain subject to examination.

Note 7: Employee Benefits

The Company has a simplified employee pension (SEP) plan consisting of individual retirement accounts. Employees who meet certain age and service requirements are eligible for the plan. The Company makes contributions to the plan equal to [REDACTED] of each employees' wages. The cost of the plan to the Company was [REDACTED] and [REDACTED] for 2016 and 2015, respectively.

Note 8: Concentrations of Credit Risk

The Company grants credit to customers, all of whom are located in the franchised service area, and telecommunications intrastate and interstate long distance carriers.

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash, cash equivalents and investments. The Company places its cash, cash equivalents and investments in several financial institutions which limits the amount of credit exposure in any one financial institution.

The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

In addition, a material part of the Company's business is with its stock investment in [REDACTED]. The Company has received dividends of [REDACTED] and [REDACTED] for the years ended December 31, 2016 and 2015, respectively.

Note 9: Stock Restrictions

The Company has two classes of stock: voting stock for shareholders who meet the Company's ownership qualifications and non-voting stock for shareholders who do not meet the ownership qualifications. On November 20, 2013, the Company restated their Articles of Incorporation and Bylaws to create the two classes of stock. Prior to the restatement, all the shareholders owned voting stock. As of December 31, 2016 and 2015, the Company has [REDACTED] and [REDACTED] shares and [REDACTED] and [REDACTED] shares respectively.

- Shareholders having the right to vote shares at any meeting shall only be the Class V shareholders of record on the stock books of the Company.
- Shareholders are limited to ownership of no more than [REDACTED] of the outstanding shares of the Company.

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Note 10: Treasury Stock

Treasury stock is shown at cost and consists of [REDACTED] shares of common stock at December 31, 2016 and 2015, respectively. The Company is holding these shares as treasury stock until the ultimate disposition of the reacquired shares is decided.

Note 11: Noncash Activities

Noncash financing activities included [REDACTED] and [REDACTED] during the years ended December 31, 2016 and 2015, relating to unpaid dividends, which are reflected in dividends payable at December 31, 2016 and 2015.

Noncash investing activities included [REDACTED] for plant additions which were previously posted as partnership capital contributions.

Note 12: Regulatory Matters

The Company received [REDACTED] of its 2016 revenues from access revenues and assistance provided by the Federal Universal Service Fund. The manner in which access revenues and Universal Service Funds are determined has been modified in several recent Federal Communications Commission proceedings. Changes include modifications to rate-of-return support including caps on the recovery of certain expenditures, and reductions in terminating access charges billed with eventual transition to a bill-and-keep framework for the exchange of traffic between carriers.

On March 30, 2016, the FCC released a Report and Order, Order on Reconsideration, and Further Notice of Proposed Rulemaking to reform USF. The order in this proceeding (1) provides support for standalone broadband; (2) requires broadband deployment based on the number of locations lacking service and cost of providing service; (3) requires allowances for capital investments and further limits operational expenses; and (4) phases out support for area served by qualifying competitors. In addition, the FCC created a new Universal Service Support mechanism named the Alternative Connect America Model (A-CAM). The Order allows eligible rate-of-return carriers to elect A-CAM or remain on a revised version of the legacy rate-of-return funding. Carriers not eligible for the A-CAM will fall under the revised version of the legacy rate-of-return funding. The Order provides a total budget of \$2 billion for Universal Service Support to cover the A-CAM and legacy rate-of-return mechanisms.

The Company was not eligible to elect A-CAM support, and therefore will remain a legacy rate-of-return carrier. The amount of support that will be received is not certain due to constraints on the FCC's budget.

Whether a rate-of-return carrier chooses model-based support or remains on legacy mechanisms, it will be required to meet service obligations, adhere to reporting obligations, and retain records.